

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

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: **Chapter 11**
: **Case No. 08-12229 (MFW)**
: **(Jointly Administered)**
: **Debtors.**
: **Debtor's**
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**MOTION OF DEBTORS FOR AN ORDER SHORTENING
THE NOTICE AND OBJECTION PERIODS WITH RESPECT TO
MOTION OF DEBTORS FOR AN ORDER, PURSUANT TO
SECTION 105(A) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019,
APPROVING SETTLEMENT BETWEEN WASHINGTON MUTUAL, INC. AND THE
UNITED STATES WITH RESPECT TO THE AMERICAN SAVINGS LITIGATION**

Washington Mutual, Inc. (“WMI”) and WMI Investment Corp., as debtors and debtors in possession (the “Debtors”), hereby submit this motion (the “Motion to Shorten”) for an order, pursuant to section 105 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002 and 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”): (i) shortening the notice and objection periods for a hearing on the *Motion of Debtors for an Order, Pursuant to Section 105(a) of the Bankruptcy Code and Bankruptcy Rule 9019, Approving Settlement Between Washington Mutual, Inc. and the United States with Respect to the American Savings Litigation* (the “Settlement Approval Motion”), filed on December 21, 2011, (ii) allowing the Settlement Approval Motion to be heard at a hearing scheduled on or prior to December 30,

¹ The Debtors in these chapter 11 cases along with the last four digits of each Debtor’s federal tax identification number are: (i) Washington Mutual, Inc. (3725); and (ii) WMI Investment Corp. (5395). The Debtors’ principal offices are located at 925 Fourth Avenue, Seattle, Washington 98104.



2011; (iii) permitting parties to (a) submit written objections, if any, to the Settlement Approval Motion until 5:00 p.m. (Eastern Time) on the day prior to such hearing or (b) appear at the hearing to contest the Settlement Approval Motion, without having submitted any written objection (the “Proposed Objection Deadline”); and (iv) granting such other and further relief as the Court deems just and proper. In support of the Motion to Shorten, the Debtors respectfully state as follows:

Jurisdiction

1. This Court has jurisdiction over this Motion to Shorten pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

Background

2. On September 26, 2008 (the “Commencement Date”), each of the Debtors commenced with the Bankruptcy Court a voluntary case pursuant to chapter 11 of the Bankruptcy Code. As of the date hereof, the Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On October 3, 2008, the Bankruptcy Court entered an order pursuant to Bankruptcy Rule 1015(b) authorizing the joint administration of the Debtors’ chapter 11 cases.

3. On October 15, 2008, the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors (the “Creditors’ Committee”). On January 11, 2010, the U.S. Trustee appointed an official committee of equity security holders (the “Equity Committee”).

The Settlement Approval Motion

4. Pursuant to the Settlement Approval Motion, the Debtors seek an order approving a compromise and settlement (the “Settlement”) between WMI (as successor in interest to American Savings Bank, F.A., Keystone Holdings, Inc., and certain related parties) and the United States of America (the “United States”), with respect to that certain litigation styled *American Savings Bank, F.A. v. United States*, No. 92-872C (the “American Savings Litigation”), currently pending in the United States Court of Federal Claims.

5. The history of the American Savings Litigation is provided in detail in the Settlement Approval Motion and incorporated by reference herein.

6. WMI and the United States have agreed to settle the American Savings Litigation for a payment of \$50 million on the Warrant Award by the United States to the American Savings Plaintiffs, if such payment is received no later than December 30, 2011. If payment is received after December 30, 2011, then the settlement payment will be \$50.75 million.

Relief Requested

7. By this Motion to Shorten, the Debtors seek entry of an order, pursuant to section 105 of the Bankruptcy Code, Bankruptcy Rules 2002 and 9006, and Local Rule 9006-1 (i) shortening the notice and objection periods for a hearing on the Settlement Approval Motion; (ii) allowing the Settlement Approval Motion to be heard at a hearing scheduled on or prior to December 30, 2011; (iii) permitting parties to submit objections, if any, to the Settlement Approval Motion until the Proposed Objection Deadline; and (iv) granting such other and further relief as the Court deems just and proper.

Basis For Relief Requested

8. Bankruptcy Rule 2002(a)(3) requires, that for any hearing on approval of a compromise or settlement of a controversy, other than approval of an agreement pursuant to Bankruptcy Rule 4001(d), 21 days' notice by mail be provided, unless the court for cause shown directs that notice not be sent.

9. Additionally, Local Rule 9006-1(c) requires that all motion papers be filed and served at least fourteen (14) days prior to the hearing date scheduled for such motion, and seventeen (17) days if notice is given by first class mail, unless the Bankruptcy Rules state otherwise. Local Rule 9006-1(c) further requires that the objection deadline set for a motion be no later than seven (7) days before the scheduled hearing date. The Debtors respectfully submit that the relief requested herein is necessary and appropriate under the circumstances.

10. As described in the Settlement Approval Motion, because the amount to be paid by the United States rises from \$50.00 million to \$50.75 million if payment is not made on or before December 30, 2011, the United States requests immediate approval of the Settlement. Consequently, all parties in interest to the Settlement are seeking to have the Motion heard at a hearing scheduled on or prior to December 30, 2011. Additionally, the Debtors are prepared to serve overnight notice of such hearing on the Settlement Approval Motion as early as today, December 21, 2011, should the Court enter an order granting this Motion to Shorten.

11. Additionally, the Debtors request that the Court permit parties in interest to raise objections to the Settlement Approval Motion until the Proposed Objection Deadline, with written objections received by the day before the hearing, and with objecting parties allowed to appear at the hearing without having submitted any written objection, to offset any

potential prejudice that parties in interest may incur by the Settlement Approval Motion being heard on shortened notice.

12. Based on the foregoing, the Debtors believe that cause exists for the Settlement Approval Motion to be heard on an expedited basis at a hearing scheduled on or prior to December 30, 2011, with all objections being due on or before the Proposed Objection Deadline.

Notice

13. Notice of this Motion to Shorten shall be provided to: (i) the U.S. Trustee; (ii) counsel for the Creditors' Committee; (iii) counsel for the Equity Committee; (iv) counsel for the United States; and (v) parties entitled to receive notice in these chapter 11 cases pursuant to Bankruptcy Rule 2002. In light of the nature of the relief requested, the Debtors submit that no other or further notice need be provided.

WHEREFORE, the Debtors respectfully request that the Court enter an order, substantially in the form attached hereto as Exhibit A, granting the relief requested herein and allowing the Settlement Approval Motion to be heard at a hearing scheduled on or prior to December 30, 2011, approving the Proposed Objection Deadline for any party in interest to object or otherwise respond to the relief requested in the Settlement Approval Motion, and granting such other and further relief as is just and proper.

Dated: December 21, 2011
Wilmington, Delaware



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ATTORNEYS TO THE DEBTORS
AND DEBTORS IN POSSESSION

Exhibit A

Proposed Form of Order

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

	X		
	:		
<i>In re</i>	:		Chapter 11
	:		
WASHINGTON MUTUAL, INC., <u>et al.</u> , ¹	:		Case No. 08-12229 (MFW)
	:		
Debtors.	:		(Jointly Administered)
	:		
	:		Re: Docket No. _____
	X		

ORDER SHORTENING THE NOTICE AND OBJECTION PERIODS WITH RESPECT TO MOTION OF DEBTORS FOR AN ORDER, PURSUANT TO SECTION 105(A) OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 9019, APPROVING SETTLEMENT BETWEEN WASHINGTON MUTUAL, INC. AND THE UNITED STATES WITH RESPECT TO THE AMERICAN SAVINGS LITIGATION

Upon consideration of the Motion, dated December 21, 2011 (the “Motion to Shorten”), of Washington Mutual, Inc. (“WMI”) and WMI Investment Corp. (“WMI Investment,” and together with WMI, the “Debtors”) for an order pursuant to section 105 of title 11 of the United States Code (the “Bankruptcy Code”), Rules 2002 and 9006 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and Rule 9006-1(e) of the Local Rules of Bankruptcy Practice and Procedures of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) (i) shortening the notice and objection periods for a hearing on the Settlement Approval Motion;² (ii) allowing the Settlement Approval Motion to be heard on December ___, 2011; (iii) permitting parties to (a) submit written objections, if any, to the Settlement Approval Motion until 5:00 p.m. (Eastern Time) on December ___, 2011 or (b)

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² Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to such terms in the Settlement Approval Motion.

appear at the hearing to contest the Settlement Approval Motion, without having submitted any written objection; and (iv) granting such other and further relief as the Court deems just and proper; and upon the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this matter is a core proceeding within the meaning of 28 U.S.C. § 157(b)(2), and (c) notice of the Motion to Shorten was due and proper under the circumstances; and it appearing that the relief requested in the Motion to Shorten is in the best interests of the Debtors' estates, their creditors and other parties-in-interest; and after due deliberation, and good and sufficient cause appearing therefore, it is hereby

ORDERED, DECREED AND ADJUDGED that:

1. The Motion to Shorten is hereby granted.
2. The Settlement Approval Motion shall be considered at a hearing to be held at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801, 5th Floor, Courtroom 4 on December __, 2011 at __: __ .m. (Eastern Time).
3. The deadline to submit written objections or otherwise respond to the relief requested in the Settlement Approval Motion shall be 5:00 p.m. (Eastern Time) on December __, 2011; provided, however, that parties in interest may appear at the December __, 2011 hearing to object or otherwise respond to the Settlement Approval Motion.

Dated: December __, 2011
Wilmington, Delaware

THE HONORABLE MARY F. WALRATH
UNITED STATES BANKRUPTCY JUDGE